

INTRODUCTION

Sanilac County Prosecuting Attorney (PA) had a contract with the Michigan Family Independence Agency (FIA) to establish paternity and to obtain support orders for all cases where the Sanilac County PA had jurisdiction. The Sanilac County PA billed FIA monthly under the actual cost reimbursement billing method. FIA reimbursed Sanilac County PA for their costs based on the Federal IV-D Program regulations.

SCOPE

We performed an audit of the costs submitted for reimbursement by the Sanilac County PA for the period January 1 through December 31, 1998. Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We performed the audit tests that we determined were necessary to determine if costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

EXECUTIVE SUMMARY

We found that the Sanilac County PA overbilled FIA for some items. The State share of the net amount overbilled is \$1,275.00 (See Schedule A.)

Our report recommends the Family Independence Services Administration initiate the process to recoup \$1,275.00 from the Sanilac County PA.

AGENCY RESPONSE

Per our telephone conversation on December 14, 2000, the PA has not provided any additional information to challenge the figures disallowed in the report.

FINDINGS

Personnel -Fringe Benefits Overbilled.

1. The Sanilac County PA overbilled the FIA \$1,412.00 for fringe benefits. The PA had no documentation to support the amount billed for fringe benefits in 1998. (See Schedule A.)

Other Direct –Telephone charges Overbilled

2. The Sanilac County PA overbilled the FIA \$275.00 for telephone charges. The telephone charges billed exceeded the amount of telephone charges recorded on the trial balance. (See Schedule A.)

Other Direct- Central Purchase Overbilled

3. The Sanilac County PA overbilled the FIA \$55.00 for central purchase cost because they billed this as a direct cost and also allocated the cost indirectly through their cost allocation plan. (See Schedule A.)

WE RECOMMEND the Family Independence Services Administration initiate the process to recoup \$1,275.00 from the Sanilac County PA.

Finding #	Line Item	Year	(Over)/Under Billed Gross Amount	IV-D %	(Over)/Under Billed IV-D Amount	Due (State) County
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					\$	-
	1 Personnel	1998	(5,316)	26.57%	\$	(1,412)
	2 Other direct	1998	(994)	27.66%	\$	(275)
	3 Other direct	1998	(199)	27.66%	\$	(55)

			0		0
			<u>(6,509)</u>		<u>\$ (1,742)</u>
Total					

		State Rate	IV-D Amt.	
Total without paternity		73.20%	(1,742)	(1,275)
Total including Paternity		100%	-	-
			<u>(1,742)</u>	<u>(1,275)</u>